

For: State and County Offices

FY 2001 PFC Payments

Approved by: Deputy Administrator, Farm Programs



1 Overview

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Background

The Agricultural, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000, provides producers the option to receive PFC payments, for each of FY's 2000 through 2002, as two 50 percent payments or as one 100 percent payment.

Producers who designate shares for FY 2001 and comply with all other eligibility requirements, including CCC-502 and AD-1026 requirements:

- will receive PFC payments no later than September 30, 2001
- may complete a payment request to receive two 50 percent payments or one 100 percent payment.

A future notice will provide **final rates** for FY 2001 PFC payments. County Release No. 443 will provide the software necessary to issue the payments.

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<p>Disposal Date</p> <p>February 1, 2001</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices</p>
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1 Overview (Continued)

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Purpose

This notice provides:

- query instructions for preparing producer notification letters
 - authorization to issue FY 2001 payments beginning October 2, 2000, **after** successfully completing rollover activities addressed in Notice PF-146, for producers who have submitted payment requests and met all other eligibility requirements
 - instructions that shall be followed to significantly reduce the number of misaction/misinformation cases and other relief cases associated with PFC's.
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Special Instructions

State Offices shall carefully monitor each Service Center through DD, to ensure that provisions of this notice are completed timely and accurately.

Note: Late-filed signatures on PFC's and succession-in-interest problems should be significantly reduced when instructions in this notice are carefully followed by producers and Service Centers.

Notice PF-147

2 Producer Notification Letters, Fact Sheets, and Payments Requests

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Queries and Shell Documents

Queries and shell documents will be broadcast to County Offices during the first week of October 2000. These queries shall be used to create FY 2001:

- producer notification letters (Exhibit 1)
 - AMTA Program Information Fact Sheets (Exhibit 2)
 - PFC payment request sheets (Exhibit 3).
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Processing Queries

To facilitate the mailing and filing of producer notification letters, County Offices have the option to print the letters in either ZIP Code or farm number order. Each procedure, either PFCLTR01 or PFCLT01A, must be run separately and cannot be run simultaneously because they share common work files.

County Offices shall process the letters for each county in the system according to this table.

Step	Menu or Screen	Action
1	FAX250	ENTER "3" or "4", "Application Processing".
2	FAX07001	ENTER "9", "Common Provisions".
3	MA0000	To process the letters in: <ul style="list-style-type: none">• ZIP Code order, on the command line, ENTER "PFCLTR01,DWPRADJ1" and PRESS "Enter"• farm number order, on the command line, ENTER "PFCLT01A,DWPRADJ1" and PRESS "Enter".

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Notice PF-147

2 **Producer Notification Letters, Fact Sheets, and Payment Requests (Continued)**

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Query List

A query list will print each producer name and applicable farm number for which a letter, fact sheet, and payment request should be mailed. The last page of the query list contains the "Total" number of letters that will be generated.

Note: County Offices shall review the query list before taking the option to print the letter to ensure that a producer ID number of "777 77 7777" does not exist in the name and address file. If the ID number "777 77 7777" is not deleted from the Producer or Other Name and Address file before printing the letters, it will result in that producer appearing in the letter that prints for each farm having undesignated shares.

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Printing Letters, Fact Sheets, and Payment Requests

Two Display Write/36 print options will display after printing the query list.

- The first print display allows for printing the following:
 - Information Fact Sheet (Exhibit 2)
 - payment request sheet (Exhibit 3).

Note: Reproduce Exhibits 2 and 3 locally. Before reproducing Exhibit 2, copy the questions and answers from Exhibit 4 to the reverse side of Exhibit 2. If satisfactory copies cannot be made in the County Office, reproduction and distribution shall be completed by the State Office.

- The second print display allows for printing the producer notification letters. A letter will print for each producer listed on the PFC share file and for all owners in the farm producer file on farms with PFC.

County Offices shall enter the desired printer ID and PRESS "Enter" on each of the print screens.

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Notice PF-147

2 Producer Notification Letters, Fact Sheets, and Payment Requests (Continued)

E Sending Letters, Fact Sheets, and Payment Requests

County Offices shall:

- send system-generated notification letters (Exhibit 1) with locally reproduced Information Fact Sheets (Exhibit 2) and, as applicable, PFC payment request sheets (Exhibit 3), as soon as possible, but **no later than October 10, 2000**

Note: The notification letters and fact sheets shall be sent to all producers. Do **not** send payment request sheets for farms pending reconstitution or with undesignated shares.

- attach a copy of the letter, fact sheet, and payment request to the query printout, and file in the 2001 Program Year folder as verification that the documents were mailed.

Note: Send only 1 information fact sheet and 1 payment request to each producer or owner, regardless of whether the producer or owner receives multiple notification letters.

Notice PF-147

3 Processing Reconstitutions and CCC-505's

A FY 2001 Reconstitutions

County Offices shall:

- not mail producer notification letters or enclosures to farms for which an FY 2001 reconstitution has been requested

Note: Review FY 2001 reconstitution requests after running the queries, and remove applicable letters and enclosures.

- process FY 2001 reconstitutions as soon as possible **after**:
 - installing County Release No. 443
 - successfully completing rollover activities addressed in Notice PF-146.

Note: These producers:

- shall be notified in writing to enroll the resulting farms within 30 calendar days
 - are entitled to request payments at any time during the FY.
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B Processing CCC-505's

CCC-505's effective for FY 2001:

- may be processed before or after sending producer notification letters because the letters do not indicate PFC acreage
 - shall be processed as soon as possible:
 - **after** installing County Release No. 443 and successfully completing rollover activities addressed in Notice PF-146
 - **before** issuing payments to ensure that the correct PFC acreage is on CCC-478 for FY 2001.
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Notice PF-147

4 County Office Action

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Review and Notification

County Offices shall:

- review FY 2001 program requirements immediately, then contact the State Office through DD with any questions regarding PFC's
 - follow instructions provided in paragraphs 2 and 3 to ensure timely and accurate producer notification of payment options
 - send the producer notification letters, fact sheets, and payment requests as soon as possible, but **no later than October 10, 2000**.
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CCC-478 Processing and Payments

County Offices shall:

- follow 1-PF, Part 7 to approve CCC-478's and record payment flags, after all necessary signatures have been obtained
 - not issue payments to operators or tenants, based on cash rent certification statements, unless **both** of the following apply according to 1-PF, subparagraph 301 J:
 - producer is requesting payment to be issued **after** June 30, 2001
 - farm was cash leased by the producer in the previous FY, **and** the producer was designated to receive payment on CCC-478 for that same year
 - issue FY 2001 payments only to those producers who have requested payment and who meet all other eligibility requirements, according to 2-PF.
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4 County Office Action (Continued)

C Publicity and Producer Support

County Offices shall:

- publicize CCC-478, CCC-502, and AD-1026 requirements **throughout** the FY, including, but not limited to:
 - signature requirements following farm reconstitutions
 - the August 1, 2001, deadline for properly designating payment shares and filing supporting documentation, such as CCC-502, as necessary
 - limitations on fruit and vegetable plantings
- carefully monitor signature deadlines for reconstituted farms, designate payment shares, and file supporting documentation
- process “Producer Payment Selection Reports” according to 1-PF, paragraph 683, as often as necessary, to ensure that payments are issued timely and according to producer requests.

Note: Manual tickler files may be used to ensure that late payment interest charges are avoided.

Suggestion: As allowed by time and resources, attempt to contact producers several days in advance of critical deadlines, using second reminder letters and/or telephone contacts. Document those contacts or attempted contacts.

Example of Producer Notification Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
(Print on County Office Letterhead)

[current date]

Farm Number XXXX

Name
Address
City, State, ZIP Code

Dear _____,

You are listed as either an Owner or Producer on a Production Flexibility Contract (Form CCC-478) for the farm number shown above. For fiscal year 2001, the contract shows the following crops, producers, and producer payment shares:

Crop Producer 2001 Payment Share

The contract shows the following crops and shares are "UNDESIGNATED".

Please review the enclosures for information concerning the AMTA Program and instructions concerning the above share information.

Important: All payment shares must be designated by August 1, 2001, and all necessary signatures obtained on the PFC before any payments can be issued. Once designated, any changes to the farming operation, including, but not limited to payment shares and change of operators, must be reported to FSA on or before August 1, 2001. Failure to report changes by August 1, 2001, may result in all producers on the farm being ineligible for FY 2001 PFC payments.

Sincerely,
/s/
COUNTY EXECUTIVE DIRECTOR
COUNTY FSA OFFICE

Enclosure(s)
Producer Name, Farm Number XXXX

AMTA Program Information Fact Sheet

**2001 FISCAL YEAR AMTA
PROGRAM INFORMATION****Payment Options:**

Producers have the option to receive fiscal year 2001 PFC payments as two 50 percent payments or a 100 percent payment. Producers who wish to receive a 50 percent payment or a 100 percent payment prior to August 2001, must complete the enclosed payment request form and return it to the County Office. Note: The payment request form will be sent only to those producers with designated shares for FY 2001. Producers who designate shares but who do not return a completed payment request form will receive their entire FY 2001 payment in August or September 2001, if all other eligibility requirements are met.

Planting Fruits and Vegetables:

Planting fruits and vegetables (FAV's) on contract acreage may adversely affect your program benefits. Please contact this office before you plant or lease land for FAV production to discuss acreage reporting requirements, prevention of possible violation of FAV provisions, payment reductions, and severe penalties.

Crop Insurance:

To be eligible for program benefits, you must obtain at least the catastrophic (CAT) level of crop insurance in all counties for each crop of economic significance in which you have an interest, or, sign a waiver that waives any eligibility for emergency crop loss assistance in connection with the crop(s). Continuous crop insurance policies remain in effect unless you cancel the policy. Proof of insurance or a signed waiver must be on file in the County FSA Office in order for you to be eligible for payment. If you elect to not insure a crop, a written request to cancel a policy must be provided to your insurance agent on or before the crop's cancellation date. Signing a waiver does not negate your requirement to either pay the administrative fee or timely cancel the policy. Failure to pay the administrative fee on policies not timely canceled will result in a breach of contract, and you will be ineligible for all applicable USDA benefits.

Changes in Farming Operation:

Failure to notify FSA of changes in your farming operation may adversely impact your eligibility for USDA benefits. You should also be aware of Highly Erodible Land Conservation, Wetland Conservation, Payment Eligibility, and Payment Limitation provisions, which impact your eligibility for PFC payments. Changes to your farming operation may include, but are not limited to, a change in the structure of your farming operation or changes in your rental arrangement. Failure to report changes to your operation by August 1, 2001, may result in ineligibility for PFC benefits.

Farm Specific Crop and Share Information:

The enclosed letter provides specific information about the status of your farm. If you have previously designated payment shares for FY 2001, please review the enclosed letter, and contact this office to revise the PFC if the payment shares are currently incorrect or if they are subsequently changed. Failure to report changes by August 1, 2001, may result in no PFC payments earned on the farm, for all producers, for the entire fiscal year.

Additional Information:

Please refer to the questions and answers on the reverse side of this page for more information. If you have questions on any of the enclosed information, please contact your local FSA office.

PFC Payment Request Sheet

**UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
(County Office address and telephone number)**

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000, gives producers the option to receive fiscal year 2001 PFC payments as two 50 percent payments or a 100 percent payment.

Instructions:

If you are shown on the enclosed letter as receiving a share of the PFC payment, and wish to receive two 50 percent payments or a 100 percent payment prior to August 1, 2001, complete the information below and return it to this office at the above address.

Note: If this form is not returned, your entire fiscal year 2001 PFC payment will be issued in August or September 2001, if all other eligibility requirements have been met.

You must visit this office at the above address if either of the following apply:

- payment shares are listed incorrectly
- payment shares are shown as "UNDESIGNATED" and you believe you are eligible to share in the fiscal year 2001 PFC payment.

I receive a payment share on the Farm Number(s) indicated below, and request my 50 percent payments or 100 percent payment for fiscal year 2001 as follows:

50 Percent Payments	Farm Number(s)
50 percent in: _____ Month	_____
50 percent in: _____ Month	
100 Percent Payment	Farm Number(s)
100 percent in: _____ Month	_____
_____ Signature of Producer	_____ Date

Frequently Asked Questions for PFC's

Question 1: Is the owner's signature required for land that is cash rented?

Answer: Obtaining the owner's signature on the PFC is an option, but it is not the only one. For a cash-rented farm, the tenant may receive payment before July 1, 2001, if 1 of the following applies:

- the owner signs for a zero share on the PFC for FY 2001
- a copy of a cash-rent lease (or other document signed by the owner) is submitted, which includes the 2001 crop year. A letter from the owner is satisfactory.

Note: A cash-rent self-certification statement signed by the tenant may be accepted after June 30, 2001, if the farm was cash leased by the producer in the previous fiscal year and the producer was designated to receive payment on CCC-478 for that same year.

Question 2: Can 1 producer get a payment if all producers sharing in the PFC payment have not signed?

Answer: The general rule is no, although there is an exception that allows payment if all owners have signed and the shares are not in dispute. Otherwise, payment cannot be issued for a crop until everyone sharing in that payment has signed the PFC. However, each producer on the farm can elect to receive payments at different times during the fiscal year.

Question 3: If a tenant leases a farm for 2001 and receives a PFC payment (either 50 or 100 percent) in November 2000, then, because of personal circumstances, turns the farm back over to the owner in March 2001, is the tenant required to refund the payment?

Answer: In this case, a succession-in-interest of PFC acreage occurred because there was a change in interest in the PFC acreage for the crop year. The tenant (predecessor) is required to refund the PFC payment unless a new producer agrees to succeed to PFC on or before August 1, 2001.

Note: If a new producer takes control of PFC acreage later in the fiscal year (July, for example, after wheat harvest) to prepare the ground for a crop for the next calendar year, a succession did not occur for FY 2001, in which case the tenant would not be required to refund the PFC payment. A succession-in-interest would be processed for FY 2002.

Question 4: What producers are eligible to receive PFC payments?

Answer: All producers who share in the risk of producing crops grown on **contract** acreage, or who would share if crops were planted, must share in the PFC payment. Producers with no risk in crops grown on contract acreage, including but not limited to, owners who have leased the contract acreage out for cash, cannot receive a share of the PFC payment. Producers with risk only in crops grown on noncontract acreage cannot receive a share of the PFC payment.

Question 5: If I make a change in my farming operation, but fail to notify FSA by August 1, 2001, what are the consequences?

Answer: Changes not reported to FSA by August 1, 2001, may result in ALL producers on the farm being ineligible for 2001 fiscal year PFC payments and the required refund of amounts previously paid on the farm.